

Union Calendar No. 1

106TH CONGRESS
1ST SESSION

H. R. 68

[Report No. 106-1]

To amend section 20 of the Small Business Act and make technical corrections in title III of the Small Business Investment Act.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1999

Mr. TALENT (for himself, Ms. VELÁZQUEZ, Mrs. KELLY, Mr. SISISKY, Mr. MANZULLO, Mr. PASCRELL, Mr. LOBIONDO, Mrs. MCCARTHY of New York, Mr. ENGLISH, Ms. MILLENDER-McDONALD, Mr. MOORE, and Mr. DEMINT) introduced the following bill; which was referred to the Committee on Small Business

JANUARY 19, 1999

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend section 20 of the Small Business Act and make technical corrections in title III of the Small Business Investment Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Small Business Invest-
3 ment Company Technical Corrections Act of 1999”.

4 **SEC. 2. SBIC PROGRAM.**

5 (a) **IN GENERAL.**—Section 308(i)(2) of the Small
6 Business Investment Act of 1958 (15 U.S.C. 687(i)(2))
7 is amended by adding at the end the following: “In this
8 paragraph, the term ‘interest’ includes only the maximum
9 mandatory sum, expressed in dollars or as a percentage
10 rate, that is payable with respect to the business loan
11 amount received by the small business concern, and does
12 not include the value, if any, of contingent obligations, in-
13 cluding warrants, royalty, or conversion rights, granting
14 the small business investment company an ownership in-
15 terest in the equity or increased future revenue of the
16 small business concern receiving the business loan.”.

17 (b) **FUNDING LEVELS.**—Section 20 of the Small
18 Business Act (15 U.S.C. 631 note) is amended—

19 (1) in subsection (d)(1)(C)(i), by striking
20 “\$800,000,000” and inserting “\$1,000,000,000”;
21 and

22 (2) in subsection (e)(1)(C)(i), by striking
23 “\$900,000,000” and inserting “\$1,200,000,000”.

24 (c) **TECHNICAL CORRECTIONS.**—Title III of the
25 Small Business Investment Act of 1958 (15 U.S.C. 661
26 et seq.) is amended—

1 (1) in section 303(g) (15 U.S.C. 683(g)), by
2 striking paragraph (13);

3 (2) in section 308 (15 U.S.C. 687) by adding
4 at the end the following:

5 “(j) For the purposes of sections 304 and 305, in
6 any case in which an incorporated or unincorporated busi-
7 ness is not required by law to pay Federal income taxes
8 at the enterprise level, but is required to pass income
9 through to its shareholders or partners, an eligible small
10 business or smaller enterprise may be determined by com-
11 puting the after-tax income of such business by deducting
12 from the net income an amount equal to the net income
13 multiplied by the combined marginal Federal and State
14 income tax rate for corporations.”; and

15 (3) in section 320 (15 U.S.C. 687m), by strik-
16 ing “6” and inserting “12”.

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